

Message Text

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H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

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FRB-01 PA-01 USIA-06 PRS-01 NEA-09 /109 W

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R 151723Z JAN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7268

INFO AMCONSUL HONG KONG

USLO PEKING

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E.O. 11652: GDS

TAGS: ETRD, ENRG, GW, CH

SUBJECT: REPORTED OFFEROF PRC OIL TO THE FRG

REF: STATE 7360

1. BEGIN UNCLASSIFIED. THE FRANKFURTER ALLGEMEINE ZEITUNG PUBLISHED AN ARTICLE ON NOVEMBER 22, 1974 BY ITS PEKING CORRESPONDENT ULRICH GRUDINSKI ENTITLED "CHINESE OIL FOR GERMANY'S LAMPS?" DESPITE THE TITLE, THE PRIMARY FOCUS OF THE ARTICLE IS ON THE PRC'S OIL POLICIES WORLDWIDE. IN ADDITION TO GERMANY, THE ARTICLE REFERS TO POSSIBLE SALES TO AUSTRALIA, NEW ZEALAND, THE PHILIPPINES AND THAILAND.

2. THE PORTIONS OF THE ARTICLE REFERRING TO POSSIBLE DELIVERIES OF CHINESE OIL TO THE FRG ARE AS FOLLOWS:
(INFORMAL TRANSLATION)

"IN CHINA'S FOREIGN POLICY PLANNING THE

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POSSIBILITY OF OFFERING OIL FOR SALE TO
THE FEDERAL REPUBLIC OF GERMANY HAS NOW

ARISEN. INDICATIONS IN THIS DIRECTION HAVE SURFACED IN RECENT DISCUSSIONS OF THE ENERGY CRISIS ACCORDING TO WHICH CHINA HAD BEEN REPROACHED BECAUSE OF THE FACT THAT THROUGH ITS SUPPORT OF THE ARAB "OIL WEAPON", IT AFFECTS LESS THE SUPER POWERS, THE SOVIET UNION AND THE UNITED STATES, AS IT HAD INTENDED THAN THE EUROPEAN COMMUNITY EVEN THOUGH THE LATTER, ACCORDING TO CHINA'S WISH, SHOULD BE POLITICALLY AND STRATEGICALLY STRONG ENOUGH TO RESIST THE INFLUENCE AND "EXPANSION" OF THE SUPER POWERS. CHINA, IT WAS STATED, THUS ACTED AGAINST ITS OWN DECLARED INTERESTS.

....PEKING HAS RECENTLY HELD OUT THE PROSPECT OF PETROLEUM TO AUSTRALIA AND NEW ZEALAND, THE STRONGEST INDUSTRIAL STATES IN ITS PACIFIC PERIMETER AFTER JAPAN. AND NOW IT FLOATED A TRIAL BALLOON FOR THE FEDERAL REPUBLIC AS WELL. ALL THREE CASES IMPLY NOT ONLY A DIPLOMACY DIRECTED TOWARDS THE "ACQUISITION OF GOOD WILL". IT ALSO REFLECTS THE NEW FOREIGN TRADE POLICY WHICH HAS ADJUSTED TO CHINA'S TECHNOLOGICAL IMPORT REQUIREMENTS IN A SITUATION OF RISING WORLD MARKET PRICES. CHINA'S PRESENT IMPORT FINANCING POTENTIAL HAS STRICT LIMITS; BUT ITS AMBITIONS FOR PROGRESS DEMAND THE "BIG LEAP". SINCE IT DOES NOT RELISH THE ACCEPTANCE OF CREDITS, IT HAS NO OTHER CHOICE BUT TO INCREASE ITS FOREIGN EXCHANGE RECEIPTS THROUGH ITS

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LIQUID GOLD, PETROLEUM. IN RELATION TO
THE FEDERAL REPUBLIC, OIL EXPORTS WOULD
OFFER AN IDEAL DEPARTURE POINT FOR
ABOLISHING CHINA'S CHRONIC TRADE DEFICIT
-- PROVIDED THAT GRAVE TECHNICAL DELIVERY
OBSTACLES IN THE COUNTRY ITSELF COULD BE
OVERCOME.

....FOR THE FRG IT REMAINS TO BE SEEN
WHETHER THE CHINESE TRIAL BALLOON WILL
BE CONVERTED INTO A CONCRETE OFFER.
EVEN IF SUPPLY POSSIBILITIES ARISE, THE
TRANSACTION WILL REMAIN A CALCULATION
PROBLEM WITH SEVERAL CURRENTLY UNKNOWN
FACTORS WITH RESPECT TO LOADING
CAPACITIES, THE SHIPPING VOLUME OF
AVAILABLE TANKERS, AND THE GEOGRAPHIC
DISTANCES.

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3. BEGINCONFIDENTIAL. OUR ECONOMICS MINISTRY
SOURCES DISMISS THIS REPUTED OFFER OUT OF HAND. THEY
STATE THAT THE FEDERAL GOVERNMENT HAS NOT BEEN
APPROACHED IN THE MATTER AND THEY ARE CONFIDENT THEY
WOULD HAVE HEARD OF THE OFFER HAD IT BEEN MADE TO
A PRIVATE FIRM.
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